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## **INTRODUCTION**

The Office of Internal Audit performed an audit of Wexford/Missaukee County FIA for the period October 1, 2003 through August 12, 2004. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. Wexford/Missaukee County FIA had 46 full-time equated positions (FTE's) at the time of our review. Wexford/Missaukee County FIA provided assistance to an average 5,141 recipients per month during FY 2003, with total assistance payments of \$6,279,659 during that year.

## **SCOPE**

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at the Wexford/Missaukee County FIA, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. Our audit included the following:

Cash Receipts

General Ledger

Safe and Controlled Documents

Client Processing

Payroll and Timekeeping

Procurement Card

Cash Disbursements

Modified Accrual Balance Sheet

State Emergency Relief

Employment Support Services

CIS/ASSIST

Child Protective Services

## **EXECUTIVE SUMMARY**

Based on our audit, we conclude that the Wexford/Missaukee County FIA internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. We did, however, find instances where controls over systems access and security could be improved. Those are detailed below.

## **LOCAL OFFICE RESPONSE**

The management of Wexford/Missaukee County FIA has reviewed all findings and recommendations included in this report. They indicated in a memorandum dated January 13, 2005 and a telephone conversation on February 8, 2005 that they are in agreement with the findings and recommendations included in this report. They also indicated that corrective action was implemented on August 12, 2004 for recommendations 1 and 2, and on January 10, 2005 for recommendation 3.

## **FINDINGS AND RECOMMENDATIONS**

### **CIMS/ASSIST/LASR SECURITY**

#### **MA-010 Reconciliation – Supplemental Payments and Rewrites**

1. Wexford/Missaukee County FIA did not reconcile a sample of supplemental payments and warrant rewrites included on the Transaction Control Listing (MA-010) to the input documents, as recommended by the Primary Internal Control Criteria for Local/District Office Operations. Reconciliation of supplemental payments and warrant rewrites helps to ensure that transactions were properly

authorized and correctly entered on the Client Information Management System (CIMS).

WE RECOMMEND that Wexford/Missaukee County FIA reconcile a sample of supplemental payments and warrant rewrites listed on the MA-010 to the input documents.

#### LASR Security Access Request

2. Wexford/Missaukee County FIA did not have LASR Security Access Request (LR-84) on file for one of the three employees listed on the User Responsibility Report (LR-890), as required by L-Letter L-02-088. Maintaining updated LASR Security Access Requests will ensure that all employees with LASR access are appropriate.

WE RECOMMEND that Wexford/Missaukee County FIA keep up-to-date LASR Security Access Requests on file for all active employees.

#### Security Officer's Log Report (LR-853)

3. Wexford/Missaukee County FIA did not reconcile the Local Accounting System Replacement (LASR) Security Officer's Log Report (LR-853) to the LASR Security Access Request (LR-84). Reconciliation of the report by an independent person ensures that all changes made are accurate and approved by supervision.

WE RECOMMEND that Wexford/Missaukee County FIA have an independent person reconcile the Security Officer's Log Report.